Wall Street Reform

It has now been two years since the collapse of Bear Stearns and more than a year since the financial crisis peaked. Trillions of dollars in household wealth were erased and over 8 million Americans lost their jobs, in large part, because of irresponsible lending, investing, and trading on Wall Street. And yet today the same failed regulatory system, which oversaw the crisis, remains in place.

In December 2009, Rep. Eshoo supported H.R. 4173, the Wall Street Reform and Consumer Protection Act of 2009, to strengthen enforcement and oversight of our financial sector, hold Wall Street and big banks accountable for their practices, and end the practice of taxpayer-funded bailouts. The bill would also provide transparency, and protect families and small businesses from predatory lending through the creation of a Consumer Financial Protection Agency. H.R. 4173 passed the House by a vote of 223-202. House Republicans voted unanimously against the measure.

Read more about the Wall Street Reform and Consumer Protection Act of 2009.

On Monday, April 26th, the Senate held their first vote on their version of the Wall Street Reform legislation, which would have allowed them to begin to debate the bill. The Senate fell 3 votes short of the required 60, and all Senate Republicans voted not to consider the measure.

President Obama also supports a Wall Street Reform bill that holds Wall Street accountable, protects and empowers American consumers with the strongest consumer protections ever, increases transparency in financial dealings-including in the derivatives market-and ends taxpayer bailouts once and for all. For further information, visit http://www.financialstability.gov/roadtostability/regulatoryreform.html

The Impact of Lehman Brothers Collapse on San Mateo County

When Lehman Brothers collapsed in September 2008, it represented the single largest bankruptcy in the history of the United States. As a result, more than 40 municipalities from

around the country lost close to $1.7 billion.
San Mateo County lost $155 million. The affects of this loss are still being felt today-teachers are being laid off, schools are not being built or renovated, roads are not being improved, and transportation plans are being scrapped.

San Mateo County is required by California State law to hold operating funds, reserves and bond proceeds in an investment pool. Their investment pool held funds on behalf of the county and local cities, school districts, transit agencies and the community college district.

The collapse of Lehman Brothers resulted from risky, deceptive practices which exemplify some of the worst excesses of Wall Street and the kind of practices which the Wall Street Reform and Consumer Protection Act of 2009 was designed to address.

But, reform alone will not alleviate the harm to San Mateo County and the other municipalities injured by Lehman's Collapse. Rep. Eshoo introduced the Restitution for Local Government Act on April 23, 2010 to assist the affected municipalities in recouping these lost tax dollars.

The Restitution for Local Government Act will require the Treasury to use future profits from TARP assets to purchase Lehman securities, bonds, and other financial instruments held by local governments on September 12, 2008, the Friday before Lehman collapsed. Under the legislation, entities which receive funds must report back to the federal government about how the money is used and demonstrate job creation, retention, and economic activity equal to the amount of funds they received.

Read more about the Restitution for Local Government Act.

Wall Street Reform and Consumer Protection Act of 2009

Consumer Protection

The bill provides for the creation of the Consumer Financial Protection Agency (CFPA). The independent agency will be devoted solely to protecting Americans from unfair and abusive financial products and services, such as predatory loans and credit cards.

Ends Taxpayer-Funded Bailouts and Prevents the Rise of Institutions that are "Too Big to Fail"

The bill establishes an orderly process for dismantling large, failing institutions, eliminating bailouts and protecting taxpayers and the financial system. Also, the bill creates the Systematic Dissolution Fund that can be used to help wind down failing institutions but not preserve them. The funding for the Fund will come from within the industry, not taxpayers.

Financial Stability Council

The bill creates an inter-agency oversight council that will identify and regulate financial firms that are so large or risky that that their collapse would put the entire financial system at risk. These institutions would be subject to heightened oversight, standards, and regulation.

Executive Compensation

The bill puts an end to compensation practices that encourage executives to take high risks at the expense of their company, shareholders, and employees-which subsequently have an impact on the taxpayers. The bill also provides the shareholders with an annual vote on executive compensation and other company pay practices.

Investor Protection

The
bill strengthens the Securities and Exchange Commission's (SEC) powers so it can regulate America's securities markets and better protect investors.

Mortgage
Reform and Anti-Predatory Lending

The
bill includes legislation passed by the House earlier this year that would stop predatory and irresponsible mortgage loan practices. It ensures mortgage lenders make loans that benefit the consumer.

Reform
of Credit Rating Agencies

The
bill takes steps to reduce market reliance on credit rating agencies and imposes liability standards on these agencies.

Hedge
Fund Regulation

The
bill puts an end to a loophole that allowed hedge funds to escape regulation.

Office
of Insurance

The
bill creates a Federal Insurance Office which will monitor all aspects of the insurance industry.

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